

Submitted via Qualtrics

Ashurst Hong Kong

Company/Organisation view

Law Firm

Question 1

Do you agree that the WVR Financial Eligibility Test thresholds should be lowered?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It would strike a balance between making HK in line with other exchanges with similar financial requirements, however, the threshold is high enough so that WVR will not proliferate.

Question 2

Do you agree with the proposed WVR Financial Eligibility Test thresholds (as set out in paragraph 91 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. See response in Q1.

Question 3

Do you agree with the proposal to accept a 20:1 WVR Ratio Cap if an applicant has a market capitalisation of at least HK\$40 billion at the time of listing (see paragraph 103 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. This increases HK's competitiveness to attract larger companies to list in HK (especially since the US doesn't impose a cap).

Although the Exchange has specifically mentioned they do not intend to allow existing issuers with WVR structures to increase their WVR ratio cap (LR 8A.16), and we acknowledge there are valid policy intentions for this approach, we note that there are many voices in the market that disagree.

There are equally valid arguments that LR 8A.16 effectively penalises WVR issuers (which by nature, are all large scale issuers) that simply chose to list in HK earlier. Imposing LR 8A.16 when WVR was first launched in HK was sound policy, however, this requirement should be considered holistically with the proposed increase in the WVR ratio cap. In addition, geo-political tensions and competitive pressures with foreign exchanges may change quickly over time; the HK WVR regime should be prepared, from a competitiveness standpoint, to capture new large listings, but also importantly, not to lose existing issuers who may opt to delist and relist on a different exchange.

Question 4

Do you agree with the proposal to clarify that the Exchange may be prepared to accept the listing of an applicant whose WVR beneficiaries collectively hold a lower minimum economic interest at listing only if such lower underlying economic interest, at the time of the applicant's initial listing: (a) represents at least 5% of the applicant's total issued share capital; and (b) has an amount of at least HK\$4 billion (see paragraph 105 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. The proposals efficiently limit this option only to large cap issuers, which strikes the right balance.

Question 5

Do you agree with the proposal to provide a choice of Route A and Route B that applicants can use to meet the Innovative Company Requirements (as set out in paragraph 126 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It would make the HK WVR regime clearer in the sense that a WVR structure is potentially available to non-tech companies. It is helpful that the Exchange has set out some characteristics of Route B applicants, however, additional guidance is essential – the Exchange should clarify in more detail what a "new business model" entails, and to provide some further objective criteria for potential applicants to assess themselves against.

Question 6(a)

In respect of Route A, do you agree with the proposed retention of the current Specialist Company Presumptions (as set out in paragraph 127(a) of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes to all. Items (a) and (b) do not represent a departure in current approach. Item (c) provides clarity and is unlikely to have the effect of imposing additional restrictions on potential applicants.

Question 6(b)

In respect of Route A, do you agree with the proposed “innovative” presumption for Qualified Biotech Applicants and Qualified Specialist Technology Applicants (as set out in paragraphs 127(b), 132 and 133 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

See response to Q6(a)

Question 6(c)

In respect of Route A, do you agree with the proposed refinements to the Innovative Characteristics that are applicable to Route A (as set out in paragraphs 127(c), 129 and 130 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

See response to Q6(a)

Question 7(a)

Do you agree with the proposed refinements to the Innovative Characteristics that are applicable to Route B (as set out in paragraphs 129 and 131 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It provides more clarity to the market. We note that the CAGR Growth Characteristic is a high hurdle for non-tech companies to meet – the Exchange may wish to lower the threshold if the policy intention is to permit WVR to be available to a wider range of high quality non-tech issuers.

Question 7(b)

Do you agree with the proposed guidance on the meaning of a “sophisticated investor” for the purpose of the “external validation” requirement (as set out in paragraph 134 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

See response to Question 7(a)

Question 7(c)

Do you agree with the proposed guidance on what constitutes “meaningful third-party investment” for Route B applicants for the purpose of the “external validation” requirement (as set out in paragraph 135 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

See response to Question 7(a)

Question 8

Do you agree with the proposal to lower the financial eligibility thresholds for a secondary listing of an overseas issuer with a WVR structure to align them with those proposed for WVR issuers with a primary listing (see paragraph 173 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It is sensible to align the requirements.

Question 9

Do you agree with the proposal to lower the market capitalisation threshold under Criteria B from HK\$10 billion to HK\$6 billion (see paragraph 177 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It is sensible to align the requirements.

Question 10

Do you agree with the proposal to retain the market capitalisation threshold under Criteria A (see paragraph 178 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. This ensures secondary listed issuers are of a sufficient scale and size.

Question 11

What measures (if any) do you think the Exchange should implement to further facilitate the listings, in Hong Kong, of issuers listed overseas (see paragraphs 198 and 199 of the Consultation Paper)?

Attract a deeper pool of global capital, including specialist investors, to improve liquidity and valuation.

Please give reasons and specify any accompanying conditions for your suggested measures.

See above.

Question 12

Do you agree with the proposal to codify the existing guidance into a Rule to state that an applicant will be considered to have satisfied the Ownership Continuity Requirement if it can demonstrate, to the Exchange's satisfaction, that there was no material change in influence on management during the Relevant Period despite the change in controlling shareholder over that period to address any packaging concerns (see paragraphs 205 and 206 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. This is a codification of existing guidance.

Question 13

Do you agree with the proposed consequential updates to our guidance (as set out in paragraph 207 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. These are consequential changes.

Question 14

Do you agree with the proposal to expand the permitted use of US GAAP (as set out in paragraph 213 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes, this would attract more companies to consider listing in HK.

Question 15

Do you agree with the proposal to remove the requirement that a US-listed issuer using US GAAP must revert to preparing financial statements using HKFRS or IFRS if it subsequently delists from the US (see paragraph 214 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It would be beneficial to shareholders to be able to compare financial information on the same accounting basis.

Question 16

Do you agree with the proposal to remove the requirement for a Reconciliation Statement produced for the purpose of unaudited financial results to be reviewed by auditors (see paragraph 215 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It aligns with the approach for interim financial results.

Question 17

Do you agree with the proposal to allow Eligible Specialist Companies to seek a listing under the applicable Specialist Chapters (see paragraph 232 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. It would give more flexibility to potential issuers.

Question 18

Do you agree with the proposed modifications to the additional requirements under the Specialist Chapters to be imposed on Eligible Specialist Companies (as set out in paragraph 233 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. These are sensible consequential changes.

Question 19

Do you agree with the proposal to remove the Publication Requirements for all listing applicants, such that a listing applicant (including a listing applicant associated with an Issuer-related Listing Application) may choose not to publish its AP at the time it submits its listing application, in which case it would only be required to publish an OC Announcement on the same date as it publishes its PHIP (as set out in paragraph 260 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. This aligns with the approach taken in the US.

Question 20(a)

Do you agree with the proposal that, in addition to the existing Return Application Details, the identities of other professional parties responsible for the Application Materials also be displayed on the designated webpage of the Exchange (as set out in paragraphs 264 to 265 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. The proposal in (a) would help maintain market standards. Some of the parties in (b), such as certain experts, may not have played as big a role in the IPO as the main advisers, and it is debatable whether they should be included.

Question 20(b)

Do you agree with the list of professional parties proposed to be considered as responsible for the Application Materials for the above purpose (as set out in Box 1 under paragraph 265 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

See response to Question 20(a)

Question 21

Do you agree with the proposal to amend the starting point of the 8-week moratorium to either: (a) the date on which all applicable review procedures in respect of the Listing Division's decision to return the listing application have been completed; or (b) the date on which the time period for invoking any such review procedures has lapsed (as set out in paragraph 266 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes. This would strengthen the deterrence effect of the moratorium period.

Question 22

Do you agree with the consequential changes to issuers' disclosure obligations in relation to Issuer-related Listing Applications (as set out in paragraph 268 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

Yes, as these are consequential changes.

Please provide your overall comments (if any) regarding the Consultation Paper which have not been covered in the questions above.

Not applicable